MBO – Strategic Approach

- Peter Ferdinand Drucker lived from November 19, 1909-November 11, 2005.

- He was a writer, consultant, economist and widely considered to be the father of "Modern Management".

- He wrote about 39 books and countless popular articles which explored how humans are organized across all sectors of society-in business, government and non profit world.

Concept

Management by Objectives (MBO) is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time.

Concept

MBO requires that employees set measurable personal goals based upon the organizational goals.

Features of MBO

1. Objectives are determined with the employees;
2. Objectives must be challenging and motivating;
3. Daily feedback on the state of affairs at the level of coaching and development instead of static management reports;

Features of MBO

4. Rewards (recognition, appreciation and/or performance-related pay) for achieving the intended objectives is a requirement;
5. The basic principle is growth and development not punishments.

Steps in MBO process

1. **Determine or revise the organizational objectives,**

Steps in MBO process

2. Translating the organizational objectives to employees,

Steps in MBO process

3. **Stimulate the participation of employees in the determining of the objectives,**

Steps in MBO process

4. Monitoring of progress,

Steps in MBO process

5. Evaluate and reward achievements

Advantages of MBO

1. Role clarity
2. Motivation and commitment
3. Management development
4. Goal achievement
5. Better training programs
6. Provides a means to measure performance of employees
7. Support from superior

Disadvantages of MBO

1. Time consuming
2. Reward - punishment approach
3. Problem of coordination
4. Problems in objective setting
5. Inflexibility
6. Lack of Follow Up